

Indofood Sukses Makmur Tbk (INDF IJ)

Prospek Pertumbuhan Yang Solid

INDF mengalami kinerja penjualan yang relatif rendah dan rugi selisih kurs selama 3Q. Namun, kami mencatat bahwa margin EBIT telah meningkat di semua segmen, diuntungkan oleh harga komoditas yang cenderung naik. Kami masih optimis dengan prospek INDF dan mempertahankan rekomendasi BELI.

Laba Bersih Sedikit Lebih Rendah

INDF mencatatkan pendapatan sebesar IDR19,3 triliun di 3Q20 (+0,8% YoY, -3,4% QoQ) dan secara kumulatif sebesar IDR58,7 triliun di 9M20 (+1,6% YoY), mencapai 75% dan 72,5% dari estimasi kami dan konsensus. Pertumbuhan top-line yang sederhana ini didukung oleh semua segmen yang berkinerja relatif baik. Sementara itu, COGS mencatat penurunan, mendorong margin laba kotor naik 340 bps menjadi 32,7%. Salah satu fakta paling menonjol yang dapat menjelaskan laba bersih INDF yang berkinerja kurang baik sepanjang kuartal adalah rugi selisih kurs bersih sebesar IDR887 miliar karena depresiasi rupiah. Dengan demikian, pendapatan 3Q20 mencapai Rp910 miliar (-7,7% YoY, -36,8% QoQ).

Mengharapkan Marjin Kuat yang Berkelanjutan

Pemintaan produk konsumen yang relatif stabil kemungkinan besar mendukung perusahaan untuk mencatatkan pertumbuhan yang baik selama pandemi berkepanjangan. Sementara itu, kinerja agribisnis masih menggembirakan karena kami terus memperkirakan harga komoditas masih menguat, dan akan meningkatkan penjualan di masa mendatang. Pada 3Q20, segmen agribisnis membukukan pertumbuhan EBIT yang kuat, hampir dua kali lipat dengan margin 10% (vs. 3Q19: 5%). Sebagai catatan, kami juga melihat bahwa harga referensi CPO telah menyentuh USD895/MT (menurut Menteri Perdagangan). Di sisi lain, Bogasari juga dapat menerima hasil yang lebih baik karena harga gandum sedang naik. Kami mencatat bahwa Bogasari mencatatkan margin EBIT yang lebih baik sebesar 9% (vs. 3Q19: 5%). Sementara itu, segmen distribusi membukukan margin stabil sebesar 4% selama kuartal tersebut.

Mempertahankan Rekomendasi BELI dengan TP Rp8.000 / saham

Kami mempertahankan rekomendasi BELI untuk INDF dengan Target Harga Rp8.000, menggunakan metodologi sum-of-the-parts (SOTP) untuk lebih mencerminkan nilai setiap unit. Ekspektasi daya beli yang lebih baik, tren kenaikan harga komoditas, dan nilai tukar rupiah yang stabil seharusnya memberikan ruang bagi perseroan untuk meningkatkan penjualan dan mempertahankan margin. INDF saat ini diperdagangkan pada 11,4x (-1 SD dari rata-rata 5 tahun).

Indofood Sukses Makmur Tbk | Summary (IDR bn)

	2019A	2020E	2021F	2022F
Sales	76,593	78,392	82,848	88,191
<i>Sales growth</i>	4.4%	2.3%	5.7%	6.4%
EBITDA	12,840	14,647	15,813	16,800
Net Profit	4,908	4,323	4,653	5,100
EPS (IDR)	559	492	530	581
<i>EPS growth</i>	17.8%	-11.9%	7.6%	9.6%
NPM	6.4%	5.5%	5.6%	5.8%
ROE	9.4%	6.6%	6.0%	6.4%
ROA	5.1%	3.4%	2.9%	3.1%
P/E	14.2x	12.3x	15.1x	13.8x
P/BV	1.3x	0.7x	0.9x	0.9x
EV/EBITDA	8.1x	9.3x	9.5x	8.6x
<i>Dividend yield</i>	2.2%	4.6%	3.0%	3.2%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price	8,000
Consensus Price (IDR)	8,800
TP to Consensus Price	-9.1%
vs. Last Price	+16.8%

Shares data

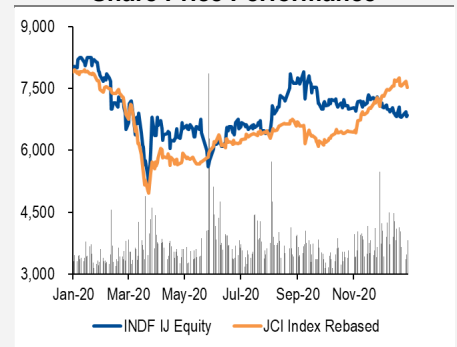
Last Price (IDR)	6,850
Price date as of	Jan 08, 2021
52 wk range (Hi/Lo)	8,250 / 5,050
Free float (%)	49.9
Outstanding sh.(mn)	8,780
Market Cap (IDR bn)	59,487
Market Cap (USD mn)	4,269
Avg. Trd Vol - 3M (mn)	12.51
Avg. Trd Val - 3M (bn)	88.44
Foreign Ownership	100.0%

Consumer Staples

Packaged Foods

Bloomberg	INDF IJ
Reuters	INDF.IK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-0.7%	-2.9%	-5.9%	-17.3%
Rel. Ret.	-5.4%	-8.1%	-30.1%	-17.8%

Putu Chantika Putri D.

+62 21 5088 9129

putu.chantika@nhsec.co.id

3Q20's review (IDR bn)

	3Q19	4Q19	1Q20	2Q20	3Q20					4Q20E
					Actual	Estimate	y-y	q-q	surprise	
Sales	19,236	18,748	19,305	20,080	19,391	17,866	0.8%	-3.4%	8.5%	19,617
Gross Profit	5,638	5,717	6,283	6,197	6,350	4,467	12.6%	2.5%	42.2%	6,630
<i>Gross Margin</i>	29.3%	30.5%	32.5%	30.9%	32.7%	25.0%	3.4%	1.9%	7.7%	33.8%
EBIT	2,325	2,711	2,878	2,663	2,878	1,519	23.8%	8.1%	89.5%	3,178
<i>EBIT Margin</i>	12.1%	14.5%	14.9%	13.3%	14.8%	8.5%	2.8%	1.6%	6.3%	16.2%
Net Profit	986	1,377	1,404	1,439	910	610	-7.7%	-36.8%	49.2%	1,057
<i>Net Margin</i>	5.1%	7.3%	7.3%	7.2%	4.7%	3.4%	-0.4%	-2.5%	1.3%	5.4%

Source: Bloomberg, NHKSI research

Revisions to Earnings (IDR bn)

		2020E	2021F	2022F
Sales	-Revised	78,392	82,848	88,191
	-Previous	72,967	74,518	76,668
	-Change	7.4%	11.2%	15.0%
Gross Profit	-Revised	24,973	26,969	28,974
	-Previous	21,376	22,485	23,760
	-Change	16.8%	19.9%	21.9%
Gross Margin	-Revised	31.9%	32.6%	32.9%
	-Previous	29.3%	30.2%	31.0%
EBIT	-Revised	11,110	12,318	13,378
	-Previous	9,064	9,911	10,823
	-Change	22.6%	24.3%	23.6%
EBIT Margin	-Revised	14.2%	14.9%	15.2%
	-Previous	12.4%	13.3%	14.1%
Net Profit	-Revised	4,323	4,653	5,100
	-Previous	4,581	4,934	5,380
	-Change	-5.6%	-5.7%	-5.2%
Net Margin	-Revised	5.5%	5.6%	5.8%
	-Previous	6.3%	6.6%	7.0%

Source: NHKSI research

Sekilas Tentang INDF

Pada dua dekade terakhir, INDF telah bertransformasi menjadi perusahaan Total Food Solutions dengan kegiatan operasional yang mencakup seluruh tahapan proses produksi makanan—mulai dari produksi hingga pengolahan bahan baku menjadi produk akhir yang tersedia di pasar. INDF kini dikenal sebagai perusahaan yang mapan dan terkemuka di setiap kategori bisnisnya. INDF dalam menjalankan bisnisnya memperoleh manfaat dari skala ekonomis serta ketangguhan model bisnisnya yang terdiri dari empat kelompok usaha strategis ("Grup") yang saling melengkapi.

Divisi Produk Konsumen Bermerek (CBP) yang didukung oleh kekuatan merek-merek produknya memproduksi beragam produk konsumen bermerek, yakni mie instan, dairy, makanan ringan, penyedap makanan, nutrisi & makanan khusus, dan minuman. Divisi Bogasari yang memiliki kegiatan usaha berupa produksi tepung terigu dan pasta didukung oleh unit usaha perkapalan dan kemasan. Sementara, divisi Agribisnis memiliki aktivitas bisnis berupa penelitian & pengembangan, pemuliaan benih bibit, pembudidayaan & pengolahan kelapa sawit hingga produksi & pemasaran produk minyak goreng, margarin, serta shortening. Divisi ini juga melakukan budidaya & pengolahan karet, tebu, dan tanaman lainnya. Kemudian, divisi Distribusi memiliki kegiatan utama pendistribusian sebagian besar produk konsumen Indofood dan anak-anak perusahaannya, serta produk pihak ketiga.

SOTP Valuation

	2021 EBIT	Multiples Assigned	% Ownership	Value
CBP (ICBP)	8,024	29.9x	82%	107.755
Bogasari	1,511	18.0x	100%	16.303
Agribusiness (SIMP)	448	21.5x	75%	4.982
Distribution	79	31.0x	100%	1,957
Add : Cash				18.854
Deduct : Debt				(52.052)
<i>Net Equity Value</i>				<u>93.884</u>
Holding Discount			25%	(23.470)
Equity Per Share				8.000
Discount SOTP at Current Price				17%

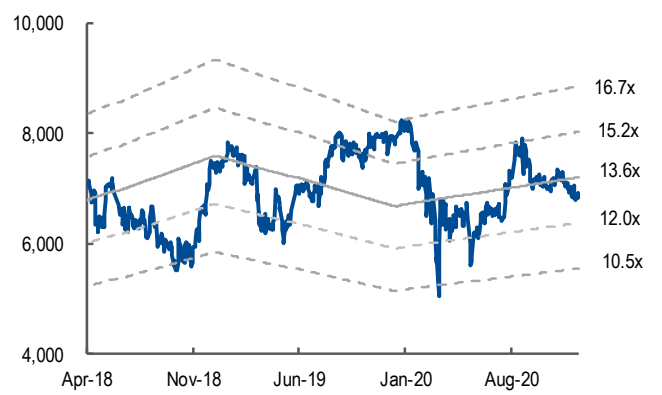
Multiple Valuation

Forward P/E band | Last 2 years



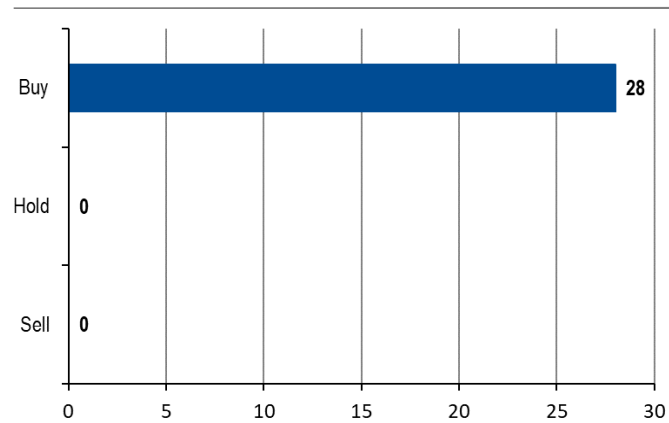
Source: NHKSI research

Dynamic Forward P/E band | Last 2 years



Source: NHKSI research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Sales	76,593	78,392	82,848	88,191
<i>Growth</i>	4.4%	2.3%	5.7%	6.4%
COGS	(53,877)	(53,419)	(55,879)	(59,217)
Gross Profit	22,716	24,973	26,969	28,974
<i>Gross Margin</i>	29.7%	31.9%	32.6%	32.9%
Operating Expenses	(12,924)	(13,863)	(14,651)	(15,596)
EBIT	9,792	11,110	12,318	13,378
<i>EBIT Margin</i>	12.8%	14.2%	14.9%	15.2%
Depreciation	3,048	3,537	3,495	3,422
EBITDA	12,840	14,647	15,813	16,800
<i>EBITDA Margin</i>	16.8%	18.7%	19.1%	19.1%
Interest Expenses	(1,462)	(920)	(1,385)	(1,457)
EBT	8,749	8,342	8,979	9,841
Income Tax	(2,847)	(2,630)	(2,831)	(3,103)
Minority Interest	(994)	(994)	(1,389)	(1,495)
Net Profit	4,908	4,323	4,653	5,100
<i>Growth</i>	17.8%	-11.9%	7.6%	9.6%
<i>Net Profit Margin</i>	6.4%	5.5%	5.6%	5.8%

PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	9.4%	6.6%	6.0%	6.4%
ROA	5.1%	3.4%	2.9%	3.1%
ROIC	9.2%	11.3%	9.3%	9.9%
Cash Dividend (IDR bn)	1,501	2,441	2,118	2,280
Dividend Yield	2.2%	3.5%	3.0%	3.2%
Payout Ratio	36.0%	49.7%	49.0%	49.0%
DER	0.4x	0.7x	0.7x	0.6x
Net Gearing	0.3x	1.4x	1.1x	0.9x
LT Debt to Equity	16.5%	51.2%	48.4%	44.0%
Capitalization Ratio	28.8%	41.1%	39.8%	37.5%
Equity Ratio	56.3%	47.2%	48.1%	49.4%
Debt Ratio	22.8%	33.0%	31.8%	29.7%
Financial Leverage	181.9%	185.4%	147.4%	208.3%
Current Ratio	106.6%	127.2%	136.0%	137.9%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	8,780	8,780	8,780	8,780
Share Price (IDR)	7,925	8,000	8,000	8,000
Market Cap (IDR tn)	69.6	70.2	70.2	70.2

BALANCE SHEET

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Cash	13,745	15,584	18,854	20,316
Receivables	5,406	6,873	6,128	5,799
Inventories	9,659	11,457	10,104	8,923
Total Current Assets	31,403	37,776	38,949	38,901
Net Fixed Assets	43,387	47,601	47,917	48,551
Other Non Current Asset	64,795	123,825	124,903	126,307
Total Assets	96,199	161,601	163,852	165,208
Payables	4,522	3,939	4,405	5,192
ST Bank Loan	13,006	14,226	13,898	13,086
LT Debt	8,948	39,054	38,154	35,926
Total Liabilities	41,996	85,270	84,986	83,522
Capital Stock	1,162	1,162	1,162	1,162
Retained Earnings	26,780	29,134	31,669	34,489
Shareholders' Equity	54,203	76,331	78,866	81,686

VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	14.2x	16.2x	15.1x	13.8x
Price /Book Value	1.3x	0.9x	0.9x	0.9x
Price/Sales	0.9x	0.9x	0.8x	0.8x
PE/EPS Growth	0.8x	-1.4x	2.0x	1.4x
EV/EBITDA	8.1x	10.5x	9.5x	8.6x
EV/EBIT	10.6x	13.9x	12.1x	10.8x
EV (IDR bn)	104,054	153,974	149,477	144,974
Sales CAGR (3-Yr)	4.6%	4.7%	3.8%	4.1%
EPS CAGR (3-Yr)	5.8%	1.5%	3.8%	1.3%
Basic EPS (IDR)	559	492	530	581
Diluted EPS (IDR)	559	492	530	581
BVPS (IDR)	6,173	8,693	8,982	9,303
Sales PS (IDR)	8,723	8,928	9,436	10,044
DPS (IDR)	171	278	241	260

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	13,345	10,638	11,041	11,461
Investing Cash Flow	(584)	(36,665)	(4,426)	(4,678)
Financing Cash Flow	(7,660)	26,905	(3,346)	(5,320)
Net Changes in Cash	5,100	1,857	3,270	1,463

Source: Bloomberg, NHKSI research

OWNERSHIP

By Geography	% Shareholders	%
Unknown	81.9 FPIML	50.1
United States	9.7 Vanguard Group Inc	1.8
Luxembourg	1.5 Blackrock	1.5
Ireland	1.0 Dimensional Fund A.	1.5

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.

Source: Bloomberg, NHKSI research